

**Before the
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)	
)	
Report to Congress Regarding)	IB Docket No. 05-156
the ORBIT Act)	

COMMENTS OF INMARSAT GROUP HOLDINGS LIMITED

Inmarsat Group Holdings Limited (“Inmarsat”) hereby submits its Comments in response to the *Public Notice* inviting input to be reflected in the Commission’s progress report to Congress on the Open-Market Reorganization for the Betterment of International Telecommunications Act (“ORBIT Act” or “Act”).¹ The ORBIT Act requires the Commission to annually report on the progress that has been made in the previous year to achieve the objectives of the Act. The current proceeding is associated with the Commission’s sixth report, which is due June 15, 2005.

The purpose of the Act is to “promote a fully competitive global market for satellite communications services for the benefit of consumers and providers of satellite services and equipment by fully privatizing . . . Inmarsat.”² The Act sets forth a series of criteria by which the Commission is to determine whether Inmarsat has privatized in a manner consistent with the goals of the ORBIT Act. In October 2001, the Commission determined that “Inmarsat’s privatization is consistent with the non-IPO criteria specified in Sections 621 and 624 of the [ORBIT Act].”³ Since that time and until this past year, the sole remaining criterion left for Inmarsat to satisfy has been that it conduct an initial public offering (“IPO”) in accordance with the Act.

¹ Public Notice, Report No. SPB-211 (rel. Mar. 25, 2005) (the “*Public Notice*”).

² *Public Notice* at 1.

³ See *In the Matter of Comsat Corporation d/b/a Comsat Mobile Communications, et al.*, FCC 01-272 at ¶ 4 (rel. Oct. 9, 2001) (“*Market Access Order*”).

Last year, Congress amended the ORBIT Act and obviated the need to comply with the Act's IPO requirement. Pursuant to newly added Sections 621(5)(F) and (G), signed into law by President George W. Bush on October 25, 2004, Inmarsat instead can satisfy the ORBIT Act by complying with a new certification process. In particular, Inmarsat may "forgo an initial public offering" if:

- Inmarsat achieves "substantial dilution" of the aggregate "financial interest" of signatories and former signatories," meaning that "a majority of the financial interests in [Inmarsat] is no longer held or controlled . . . by signatories or former signatories;"
- "any signatories . . . that retain a financial interest" in Inmarsat do not possess "effective control" of the company; and
- "no intergovernmental organization has . . . more than a minimal ownership interest in [Inmarsat]."⁴

On November 15, 2004, Inmarsat submitted a Request for Declaratory Ruling and a certification that Inmarsat has met the final ORBIT Act criterion.⁵ As set forth in greater detail in that submission, in December 2003, a majority of the equity interests in Inmarsat was acquired by new, non-signatory shareholders in a U.K. court-approved takeover arrangement. Pursuant to those transactions, funds advised by Apax Partners, a leading advisor of private equity funds in the United Kingdom, United States and Western Europe, and funds advised by Permira, a leading European private equity firm, acquired a combined ownership interest of over 51.75% in Inmarsat. An Inmarsat employee benefit trust, some current or previous directors, officers and employees, and an employee benefit trust, hold a 5.70% ownership interest in Inmarsat.

Thus, with 57.46% of the ownership of Inmarsat now held by new, non-signatory shareholders, Inmarsat has achieved substantial dilution of the aggregate financial interest of Inmarsat signatories and former Inmarsat signatories. Effective control of Inmarsat now is

⁴ ORBIT Act at §§ 621(5)(F), 621(5)(G).

⁵ Request for Declaratory Ruling and Certification, IB Docket 04-439 (Nov. 15, 2004 and supplemented Dec. 16, 2004).

vested in investment funds independently controlled by Apax Partners and by Permira that are not affiliated with any former signatory. Moreover, the sole intergovernmental organization with any interest in Inmarsat, IMSO, has only a “minimal ownership” interest as defined by the ORBIT Act.⁶ With Inmarsat having therefore met the requirements of Section 621(5)(F) of the Act, and with the upcoming arrival of Inmarsat’s next generation I-4 satellite network that will provide enhanced MSS service to America, a swift and favorable determination on Inmarsat’s Request for Declaratory Ruling is critical.

In the next few months, Inmarsat will begin the roll out of its innovative broadband MSS service – Broadband Global Area Network or BGAN, which will be deployed over Inmarsat’s new network of Inmarsat-4 satellites that are 6 years and \$1.5 Billion in the making. The I-4 satellites are up to 17 times more spectrum efficient than previous satellites and they will enable the provision of mobile broadband services at rates of approximately half a megabit per second. The new I-4 network and BGAN service are designed to meet the expectations of MSS users for high-speed data transmission “anywhere and any time,” and to provide the recognized public policy benefits of MSS to U.S. businesses and consumers nationwide.⁷

The first I-4 spacecraft was launched from Florida on March 11, 2005 and is presently undergoing in-orbit testing in preparation for being placed in service in the next two months. The second spacecraft---planned to serve North America---is nearing completion of its ground test program, and is scheduled for launch this fall. The third spacecraft, currently designated a ground spare, is fully manufactured, is undergoing pre-launch testing, and is

⁶ *Market Access Order* at ¶ 41.

⁷ *See In re Establishment of Policies and Services Rules for MSS in the 2 GHz Band*, FCC 00-302 at ¶ 1 (rel. Aug. 25, 2000) (recognizing that MSS enhances competition with terrestrial communications services and provides important benefits to all U.S. consumers nationwide).

scheduled to be available for launch by January 2006, when it could be placed into a number of locations to serve the U.S.

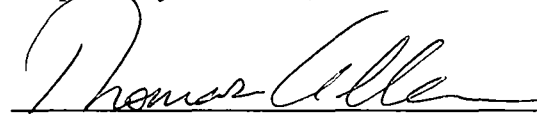
Inmarsat's services have been of critical importance to public safety, military, governmental, humanitarian, and commercial users alike and this will continue to be the case after the launch of the I-4 network. The Inmarsat system is relied on by the Global Maritime Distress and Safety System, the United States Coast Guard, the Federal Aviation Administration, the United States Department of Defense, the United States Air Force VIP planes, including Air Force One, and U.S. law enforcement agencies such as the FBI, Immigration and Customs Enforcement, and Drug Enforcement Administration. Additionally, the Inmarsat-4 system is expected to provide support for the upcoming long-range vessel tracking and container monitoring systems to be developed in compliance with the Maritime Transportation Security Act.

Inmarsat's services promote economic growth and job development in the U.S. in a number of respects, positive effects that will accelerate with the launch of the I-4 satellites and BGAN. The Deere Company uses Inmarsat's satellite communications for its precision farming service. U.S. flag vessels have integrated Inmarsat communications into ship operations and to provide crew calling. The Vessel Monitoring System that industry and government rely on to manage the sustainability of fisheries by tracking commercial fishing vessels and enforcing fishing regulations uses Inmarsat's satellite network. Portable Inmarsat terminals are used in remote regions around the world by American companies engaged in energy and mining exploration and construction projects, and by journalists for digital news gathering. Moreover, Inmarsat works with dozens of service distributors, equipment suppliers, and applications developers across the United States, each of whose participation in the Inmarsat program produces jobs and stimulates new economic growth opportunities.

The Commission already has determined that the presence of Inmarsat in the U.S. market “serve[s] the public interest by increasing competition and providing additional services for U.S. consumers.”⁸ A positive determination that Inmarsat has satisfied the ORBIT Act prior to the launch of the next I-4 satellite is important to ensure the continued availability of competitive MSS service in the U.S. market, as well as the continuity of critical services to U.S. customers, industry and government.

For these reasons, Inmarsat urges the Commission to find that Inmarsat has satisfied the final requirement of the ORBIT Act and so report to Congress in the Commission’s sixth report on June 15th.

Respectfully submitted,



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⁸ *Market Access Order* at ¶ 1.